

## Message Text

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ACTION EB-11

INFO OCT-01 EA-11 NEA-14 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-03 COME-00 DODE-00 FEAE-00 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 DRC-01

PA-04 PRS-01 USIA-15 /177 W  
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R 140935Z AUG 74

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 3962

INFO AMEMBASSY NEW DELHI

AMEMBASSY RANGOON

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E.O. 11652: N/A

TAGS: ENRG, IN, BG

SUBJECT: OIL EXPLORATION: COMPANIES INVITED FOR CONTRACT  
NEGOTIATIONS

REF: (A) DACCA 2584; (B) DACCA 3468

1. IN COURSE OF AUGUST 13 COURTESY CALL BY AMBASSADOR,  
MINISTRY OF NATURAL RESOURCES SECRETARY HEDAYET AHMED  
SAID FOREIGN MINISTER KAMAL HOSSAIN, WHO ALSO HOLDS  
NATURAL RESOURCES PORTFOLIO, HAD COMPLETED HIS REVIEW  
OF THE PROPOSED DRAFT CONTRACT BETWEEN THE BDG AND  
THE SEVEN OIL COMPANIES WHICH HAD SIGNED LETTERS OF  
INTENT TO EXPLORE FOR OIL IN SELECTED AREAS OFF THE  
COAST OF BANGLADESH. WHILE THE MINISTER HAD SUGGESTED  
SOME CHANGES IN PROCEDURE, AHMED DID NOT THINK THESE  
SUGGESTED CHANGES IN THE DRAFT CONTRACT WOULD CAUSE  
SIGNIFICANT NEGOTIATING PROBLEMS FOR THE COMPANIES  
CONCERNED.

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2. AHMED SAID THAT HIS MINSITRY HAD NOW CABLED EACH OF THE SEVEN COMPANIES INVITING THEM TO SEND REPRESENTATIVES TO DACCA TO OPEN FINAL CONTRACT NEGOTIATIONS. THE FIRST COMPANY HAD BEEN INVITED FOR AUGUST 16, AND THE SEVENTH FOR AUGUST 28. AHMED HOPED THAT NEGOTIATIONS WOULD PROCEED QUICKLY AND THE CONTRACTS BE SIGNED BY MID-SEPTEMBER. HE WAS AWARE THAT A DELAY OF A FEW WEEKS COULD FORCE POSTPONEMENT OF THE NECESSARY SEISMIC SURVEYS UNTIL THE FALL OF 1975. HIS GOVERNMENT WAS HOPEFUL THAT THE SUCCESSFUL CONCLUSION OF THESE OFF-SHORE OIL CONTRACTS WOULD HAVE A BENEFICIAL EFFECT ON THE BUSINESS AND FOREIGN INVIESTMENT CLIMATE IN BANGLADESH GENERALLY.

3. COMMENT: THERE HAVE BEEN CONSIDERABLE DELAYS SINCE REFTEL (A) AND WHILE THE BDG IS COUNTING ON THE FOREIGN EXCHANGE RECEIPTS FROM THE CONTRACT SIGNATURE BONUSES, THERE ARE STILL PLENTY OF OPPORTUNITIES FOR SLIPS TWIXT CUP AND LIP. NEVERTHELESS, BOTH THE COMPANIES AND, WE JUDGE, THE BDG ARE ANXIOUS TO PROCEED AND IT IS AT LEAST POSSIBLE THAT SOME CONTRACTS WILL BE SIGNED BY MID-SEPTEMBER.

4. HEDAYET AHMED ALSO EXPRESSED THE VIEW THAT THERE MIGHT BE OFF-SHORE BOUNDARY DIFFICULTIES WITH BURMA AS THE TWO GOVERNMENTS ' CLAIMS OVERLAPPED, BUT THAT BANGLADESH SOUGHT TO WORK THESE OUT THROUGH DIPLOMATIC CHANNELS RATHER THAN MAKING ANY PUBLIC STATEMENT ON THE SUBJECT. WITH INDIA, IN CONTRAST, THE OFF-SHORE BOUNDARY SITUATION DID NOT APPEAR TO AHMED TO PRESENT ANY PROBLEM.BOSTER

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